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## GENERAL

1. Queuille fearful concerning his Government's position--  
Premier Queuille has informed US Ambassador Bruce that his Government's position is less favorable at present than it was even during the crucial period of a year ago. Queuille indicated that besides the immediate difficulties of the 1950 budget and French worker demands for increased wages, the present Government has greatly lost prestige because of "political considerations of an international character." Queuille reportedly cited three "major incidents" which had caused questioning and bitterness in France: (a) the division of ECA aid, which he believes made the UK "the most favored nation"; (b) the devaluation of the British pound, which he feels was handled in such a way as to demonstrate a "complete lack of loyalty" to the continental countries; and (c) recent US moves concerning "drastic devaluation" of the German mark, which he regards as "obviously both to the advantage of Germany and the disadvantage of France." The Premier declared that he cannot rely on maintaining his Government in power if France is subjected to further disappointments and shocks. Bruce comments that Queuille unquestionably regards the situation as being of the utmost seriousness for France and for the position of his Government.
2. British labor reaction to pound devaluation--US Embassy  
London reports that "notable features" of the recent meeting of the General Council of the British Trade Union Congress, which postponed the decision to endorse the devaluation of the pound, were: (a) a tendency to blame the US for Britain's difficulties; and (b) the absence of confidence in US economic policies. According to the Embassy,

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some Council members strongly pressed the view that the UK should abandon the objective of multilateral trade and seek to create a trading area independent of dollars. The Embassy expresses the opinion that devaluation may represent the last attempt that a considerable number of the British people would be willing to make in cooperation with the US to resolve the problem of unbalance between the dollar and non-dollar world.

3. Removal of Berlin from SC agenda not favored--US High Commissioner McCloy in Frankfurt, in commenting on the possible removal of the Berlin issue from the UN Security Council agenda, points out that the USSR has not lived up to its agreements concerning Berlin and that a "critical situation" exists regarding the payment of western railway workers in West marks. McCloy indicates that the western powers may soon be forced to take definite action to relieve the railway workers and expresses the view that such action, coming simultaneously with the removal of the Berlin issue from the SC agenda, could be "most embarrassing" to the western powers. He therefore requests that a thorough check of the Berlin situation be made before removal of the issue from the agenda is undertaken and stresses that the US should not be "under any illusions that the situation in Berlin is now normalized."

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